

WPD announces £77m regulatory allowances return

Western Power Distribution (WPD) has informed industry regulator Ofgem that it will make a voluntary return of £77m of unspent forecast regulatory allowances.

This follows the Government's decision to curtail its rail electrification projects across the Great Western main line in South Wales and the Midland main line.

WPD is committed to delivering the outputs agreed with Ofgem in its RIIO-ED1 business plan as part of the price control settlement. The company recognises that with regard to rail electrification, although there is no associated output, there has been a clear steer from Government that previously announced projects are now on hold.

Consequently, WPD will be returning the monies it had previously identified in its business plan to the benefit of its customers. This will be phased across WPD's prices during the RIIO-ED1 period and WPD will work with Ofgem to put this into effect.

Ends.

Notes:

Western Power Distribution (WPD) is the distribution network operator (DNO) for the Midlands, South West England and South Wales, and is responsible for delivering electricity to approximately 7.8 million customers in the UK.

The RIIO-ED1 Business Plan covers the years 2015-16 to 2022-23. This forecast WPD's total expenditure across the period, including works associated with the Government's rail electrification programme. As the fast track DNO group WPD elected to carry the full risk associated with rail electrification cost. Slow track DNO groups agreed an ex-poste pass through mechanism.

In July 2017 the Secretary of State for Transport provided an update on modernising rail services and infrastructure. <https://www.gov.uk/government/speeches/rail-update-bi-mode-train-technology>

WPD does not charge customers directly. The reduction will be applied to Electricity Distribution Use of System charges to electricity suppliers.